

ADDITIONAL FREQUENTLY ASKED QUESTIONS (8/12/03)

1. Can the State "dip" into my ASA account and use my money to balance the budget or pay state bills?

No, not without a material change in the law. While there must be a qualifying event for a member to withdraw their ASA account, the money in the account belongs to the member and not the State of Indiana.

2. Is the amount listed on my quarterly statement the total amount of my pension?

No. Your total TRF pension comes in two parts: The annuity savings account (ASA). This is the amount that you contribute at least 3% and up to an additional 10% (elective) of your compensation. While a qualifying event must occur before you can withdraw the money in this account, it is much like a bank account for you. When you retire you may withdraw, rollover, leave invested with TRF or annuitize the money in this account. The ASA is what you see on your quarterly statement. 2) You also have the state pension defined benefit. Generally, this amount is calculated by multiplying the average of your top five salary years, by the number of years of service and by the factor of .011. You can calculate estimates and obtain your latest ASA account statement right from our website; www.in.gov/trf/.

3. I am the business manager for the XYZ School Corporation. The model resolution for the voluntary contribution election seems to indicate that the school will have to pay the contributions for the teacher over and above what the teacher is earning now.

While the IRS requires certain language in the resolution so that the teachers will get favorable pre-tax treatment of their contributions, you will notice that there is a state law citation (IC 5-10.2-3-2) listed on the resolution. This law requires that the School Corporation reduce the teacher's salary paid to the teacher by the amount equal to voluntary contribution. This is much like a salary reduction agreement. In this way, there is no added obligation on the part of the School Corporation.

4. Will participating in the pre-tax voluntary contribution program reduce my salary for pension calculations?

TRF will use your total verified contract amount just as before to calculate your state pension.

5. Can I make an emergency withdrawal or take a loan from my ASA?

Indiana pension law is very specific as to when a member may withdraw money from their ASA. The teachers must either suspend their membership (quit teaching), retire, or use the money specifically to purchase credit in another state's qualified governmental plan. Since the restrictions are statutory and not Fund policies, the Board of Trustees does not have discretion in cases such as these.

6. Can I add my TRF and PERF service to total the five years needed to participate in the pre-tax voluntary contribution program?

Yes, so long as the service in each fund was earned service.